

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton; and  
Robert G. Taub

Saint Lucas Post Office  
Saint Lucas, Iowa

Docket No. A2012-6

ORDER AFFIRMING DETERMINATION

(Issued January 20, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012”.<sup>1</sup> The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly, the

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<sup>1</sup> United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On October 5, 2011, Dennis and Janet Kuennen (Petitioner Kuennen) filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Saint Lucas, Iowa post office (Saint Lucas post office).<sup>2</sup> Two additional petitions for review were received from the City of Saint Lucas, Iowa, (Petitioner Saint Lucas) and customer Chris Drilling (Petitioner Drilling).<sup>3</sup> Letters protesting the proposed closing were received from customer Louise Dietzenbach and the First National Bank of West Union and St. Lucas.<sup>4</sup>

The Final Determination to close the Saint Lucas post office is affirmed.

## II. PROCEDURAL HISTORY

On October 7, 2011, the Commission established Docket No. A2012-6 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.<sup>5</sup>

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<sup>2</sup> Petition for Review received from Dennis and Janet Kuennen regarding the Saint Lucas, Iowa Post Office 52166, October 5, 2011 (Kuennen Petition).

<sup>3</sup> Petition for Review received from the City of St. Lucas, Iowa, October 19, 2011 (Saint Lucas Petition); and Petition for Review received from Chris Drilling, October 21, 2011 (Drilling Petition).

<sup>4</sup> Letter received from Louise Dietzenbach, November 2, 2011 (Dietzenbach Letter); Letter received from John A. Grimes on behalf of the First National Bank of West Union and St. Lucas, October 19, 2011 (Bank Letter).

<sup>5</sup> Order No. 902, Notice and Order Accepting Appeal and Establishing Procedural Schedule, October 7, 2011.

On October 20, 2011, the Postal Service filed the Administrative Record with the Commission.<sup>6</sup> The Postal Service also filed comments requesting that the Commission affirm its Final Determination.<sup>7</sup>

Petitioners Dennis and Janet Kuennen filed a participant statement supporting their Petition.<sup>8</sup> Petitioner Saint Lucas and Petitioner Drilling also filed Participant Statements.<sup>9</sup> On December 14, 2011, the Public Representative filed a reply brief.<sup>10</sup>

### III. BACKGROUND

The Saint Lucas post office provides retail postal services and service to 75 post office box customers. Final Determination at 2. No delivery customers are served through this office. *Id.* The Saint Lucas post office, an EAS-55 level facility, has retail access hours of 8:45 a.m. to 12:00 p.m., and 1:30 p.m. to 4:30 p.m. Monday through Friday, and 8:45 a.m. to 10:15 a.m. on Saturday. *Id.* Lobby access hours are 24 hours per day, seven days a week. *Id.*

The postmaster position became vacant on May 3, 2003, when the Saint Lucas postmaster retired. *Id.* A noncareer postmaster relief (PMR) was installed as an officer-in-charge (OIC) to operate the office. *Id.* at 2, 7. Retail transactions average 17 transactions daily (18 minutes of retail workload). *Id.* Office receipts for the last 3 years were \$21,249 in FY 2008; \$20,554 in FY 2009; and \$17,951 in FY 2010. *Id.* There are

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<sup>6</sup> The Administrative Record is attached to the United States Postal Service Notice of Filing, October 20, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Saint Lucas, IA Post Office and Establish Service by Rural Route Service (Final Determination).

<sup>7</sup> United States Postal Service Comments Regarding Appeal, November 21, 2011 (Postal Service Comments).

<sup>8</sup> Participant Statement received from Dennis and Janet Kuennen, November 8, 2011 (Kuennen Participant Statement).

<sup>9</sup> Participant Statement of the Town of Saint Lucas, November 10, 2011 (Saint Lucas Participant Statement); and Participant Statement of Chris Drilling, November 15, 2011 (Drilling Participant Statement).

<sup>10</sup> Reply Brief of the Public Representative, December 14, 2011 (Public Representative Reply Brief).

no permit or postage meter customers. *Id.* By closing this office, the Postal Service anticipates savings of \$22,755 annually. *Id.* at 7.

After the closure, retail services will be provided by the West Union post office located approximately 9 miles away.<sup>11</sup> Delivery service will be provided by rural carrier through the West Union post office to Cluster Box Units (CBUs). *Id.* The West Union post office is an EAS-18 level office, with retail hours of 8:30 a.m. to 5:00 p.m., Monday through Friday, and 9:30 a.m. to 10:30 a.m. on Saturday. *Id.* Seventy-four post office boxes are available. *Id.* The Postal Service will continue to use the Saint Lucas name and ZIP Code. *Id.* at 7, Concern No. 2.

#### IV. PARTICIPANT PLEADINGS

*Petitioners.* Petitioners oppose the closure of the Saint Lucas post office. Petitioners contend that closing the post office would have a negative impact on the Saint Lucas Community. *E.g.*, Kuennen Participant Statement at 1-2. Petitioners are also concerned that, following the closure of the Saint Lucas post office, they will no longer receive regular and effective postal services. Saint Lucas Petition at 1. Finally, petitioners take issue with the Postal Service's reliance upon projected economic savings as a basis for closing the Saint Lucas post office. *E.g.*, Kuennen Participant Statement at 2. Petitioners also oppose the loss of a job in the community if the post office is closed. *E.g.*, Saint Lucas Petition at 1.

*Postal Service.* The Postal Service argues that the Commission should affirm its determination to close the Saint Lucas post office. Postal Service Comments at 2. The Postal Service believes the appeal raises four main issues: (1) the effect on postal services, (2) the impact on the Saint Lucas community, (3) the economic savings expected to result from discontinuing the Saint Lucas post office, and (4) the impact on the non-career postmaster relief who has been operating the Saint Lucas post office.

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<sup>11</sup> *Id.* at 2. MapQuest estimates the driving distance between the Saint Lucas and West Union post offices to be approximately 12.8 miles (22 minutes driving time).

*Id.* at 1-2. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Saint Lucas post office should be affirmed. *Id.* at 19.

The Postal Service explains that its decision to close the Saint Lucas post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- little recent growth in the area;
- minimal impact on the community; and
- expected financial savings.

*Id.* at 5. The Postal Service contends that it will continue to provide regular and effective postal services to the Saint Lucas community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioner regarding the effect on postal services, effect on the Saint Lucas community, economic savings, and effect on postal employees. *Id.* at 19.

*Public Representative.* The Public Representative finds that the Postal Service has followed applicable procedures and the decision to close the Saint Lucas post office is supported by substantial evidence. Public Representative Reply Brief at 5.

However, he states that the Postal Service has overstated its expected economic savings as a PMR has operated the Saint Lucas post office as an OIC for almost a decade. *Id.* at 5-6. While the Public Representative concludes that the decision to close the Saint Lucas post office should be affirmed, he suggests that Petitioners' cost saving alternatives for scenarios not involving closure of the post office would help support the Postal Service's claim that it has considered the proposed alternatives. *Id.* at 6.

## V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

### A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The record indicates the Postal Service took the following steps in reaching its Final Determination. On March 11, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Saint Lucas post office. Final Determination at 2. A total of 75 questionnaires were distributed to delivery customers. *Id.* Other questionnaires were made available at the retail counter. *Id.* A total of 36 questionnaires were returned. *Id.* On March 31, 2011, the Postal Service

held a community meeting at Saint Lucas Community Center to address customer concerns. *Id.* Thirty-three customers attended. *Id.*

The Postal Service posted the proposal to close the Saint Lucas post office with an invitation for comments at the Saint Lucas, Waucoma, and West Union post offices from June 6, 2011 through August 7, 2011. *Id.* The Final Determination was posted at the same three post offices from September 12, 2011 through October 14, 2011. Administrative Record, Item No. 49.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

#### B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

*Effect on the community.* Saint Lucas, Iowa is an incorporated community located in Fayette County, Iowa. Administrative Record, Item No. 16. The community is administered politically by a mayor and council. *Id.* Police protection is provided by Fayette County Sheriff. *Id.* Fire protection is provided by Saint Lucas Fire Department. *Id.* The community is comprised of retirees, the self-employed and those who work in local businesses or commute to work in nearby communities. *Id.* Residents may travel to nearby communities for other supplies and services. *See generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Saint Lucas community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Saint Lucas post office, customers raised concerns regarding the effect of the

closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 2-6.

Petitioners contend that closing the post office would have a negative impact on the Saint Lucas Community. Kuennen Participant Statement at 1-2; and Drilling Participant Statement at 2. The Postal Service states that the community will continue to use the Saint Lucas name and ZIP Code. Postal Service Comments at 13. The Postal Service notes that residents may continue to meet informally to socialize at other venues in the community such as churches, businesses and residences. *Id.* at 14.

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i)..

*Effect on employees.* The Postal Service states that the Saint Lucas postmaster retired on May 3, 2003 and that a noncareer OIC has operated the Saint Lucas post office since then. Final Determination at 2. It asserts that after the Final Determination is implemented, the OIC may be separated from the Postal Service and that no other employee will be adversely affected. *Id.*

Petitioners object to the loss of a PMR position in the community. Kuennen Participant Statement at 2; and Saint Lucas Petition at 1. The Postal Service states that it will make efforts to reassign the PMR to another position nearby. Postal Service Comments at 18. The Postal Service contends that it must consider efficiency of operations and weigh it against many other factors. *Id.*

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Saint Lucas post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

*Effective and regular service.* The Postal Service contends that it has considered the effect the closing will have on postal services provided to Saint Lucas customers. Postal Service Comments at 6. It asserts that customers of the closed Saint Lucas post office may obtain retail services at the West Union post office located nine miles away. Final Determination at 2. Delivery service will be provided by rural carrier to CBUs through the West Union post office. *Id.* The 75 post office box customers may obtain



Post Office Box Service at the West Union post office, which has 113 boxes available. *Id.*

For customers choosing not to travel to the West Union post office, the Postal Service explains that retail services will be available from the carrier. Postal Service Comments at 7-9. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.*

Opponents of the closing contend that, following the closure of the Saint Lucas post office, they will no longer receive regular and effective postal services, as it will take longer to conduct business through the rural carrier. Kuennen Petition at 1; Bank Letter at 1; and Saint Lucas Petition at 1. They also contend that having to travel to another post office would be a hardship for the community's elderly residents. *Id.*; Kuennen Petition at 1; Bank Letter at 1; and Saint Lucas Participant Statement at 2. The Postal Service contends that regular and effective postal services will be provided by the rural carrier. Postal Service Comments at 7. The Postal Service notes that carrier service is beneficial to many senior citizens as it does not require travel to another post office. *Id.*

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

*Economic savings.* The Postal Service estimates total annual savings of \$22,755. Final Determination at 7. It derives this figure by summing the following costs: postmaster salary and benefits (\$27,964) and annual lease costs (\$2,900) minus the cost of replacement service (\$8,109). *Id.* The Postal Service also states that there will be a one-time expense of \$3,685 for the movement of this facility.

Petitioner Kuennen and Petitioner Drilling allege that the Postal Service has already saved over \$7,000 because by operating the post office with an OIC instead of a postmaster. Kuennen Participant Statement at 2; Drilling Participant Statement at 2. Petitioner Kuennen argues further that the cost of setting up and maintaining CBUs will either outweigh or substantially offset the projected economic savings. Kuennen Participant Statement at 2. Finally, Petitioner Kuennen, Petitioner St. Lucas, and Ms.

Dietzenbach suggest that alternatives, such as cutting post office hours or closing on Saturday, would be preferable to closing the Saint Lucas post office. Kuennen Participant Statement at 2; St. Lucas Participant Statement at 1; and Dietzenbach Letter at 1.

The Postal Service responds by arguing that although past reliance upon a PMR to operate the Saint Lucas post office has produced salary and benefit savings in past years, those savings cannot be relied upon in future years. Postal Service Comments at 16. If the Saint Lucas post office is not discontinued, the postmaster slot would have been filled with a career employee. *Id.* With respect to the cost of setting up and maintaining CBUs, the Postal Service argues that the cost of setting up CBUs is a one-time cost that will not be repeated annually. *Id.* at 16-17. Finally, the Postal Service argues that the alternatives proposed to the closing of the Saint Lucas post office is the most cost-effective solution for providing regular and effective service to the Saint Lucas community. *Id.* at 17.

The Commission has previously observed that the Postal Service should include in its estimate of savings those costs likely to be eliminated by the closing. The Saint Lucas post office postmaster retired on May 3, 2003. *Id.* The post office has since been staffed by a noncareer OIC who, upon discontinuance of the post office, may be separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. See, e.g., Docket No. A2011-67 United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; and Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Saint Lucas post office has been staffed by an OIC for over 8 years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

Moreover, the Postal Service is correct that the cost of setting up CBUs are one-time costs and not all properly chargeable as an offset to projected annual savings. Finally, while the alternatives proposed by the opponents of the Saint Lucas post office closing could provide savings, the Postal Service is not currently authorized to impose

Saturday closings and the record does not contradict the Postal Service's claim that the closing of the Saint Lucas post office is the most cost effective solution for providing regular and effective service to the Saint Lucas community.

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

## VI. CONCLUSION

The Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Saint Lucas post office is affirmed.

*It is ordered:*

The Postal Service's determination to close the Saint Lucas, Iowa post office is affirmed.

By the Commission.

Ruth Ann Abrams  
Acting Secretary

## DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Saint Lucas post office has been operated by a noncareer Postmaster Relief (PMR) installed as an officer-in-charge (OIC) since the former postmaster retired on May 3, 2003, more than eight years ago. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time position.

Also, the Postal Service already claims billions of dollars in savings from reducing labor costs. The savings from substituting OICs in postmaster positions throughout the nation has already been included in those billions. Counting the savings of a full postmaster salary is in effect double counting. The argument that the Service might even consider replacing the OIC with a full postmaster in these financial times is ludicrous and patently false. There are inherent and blatant contradictions in the record that must be corrected on remand.

Furthermore, the economic analysis presented in the Administrative Record doesn't include the installation costs for Cluster Box Units, which the Service says is a possibility.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the Administrative Record. Therefore, the decision to close should be remanded to the

Postal Service to correct the record and present a more considered evaluation of potential savings.

I am also concerned about the distances between the Saint Lucas post office and those that are offered as substitutes. The driving distance to the Administrative Receiving location in West Union is 12.8 miles; the approximately 9 mile distance presented in the record was incorrect. Several members of Congress have publicly expressed concern that post office that are 10 miles apart should be maintained in rural areas. The Postmaster General has expressed interest in finding other ways to serve such distant post offices rather than close them altogether. This closing should be reconsidered.

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011 have the respite of a 5-month moratorium.

The citizens of Saint Lucas, Iowa and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

## DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since May 2003, not an EAS-55 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis.

As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Postal Service's decision to discontinue operations at the Saint Lucas post office is unsupported by evidence on the record and thus, should be remanded.

Nanci E. Langley